

## CHAPTER 27

### LOANS — PERMISSIBLE INTEREST RATES AND CHARGES

H.F. 260

**AN ACT** relating to permissible interest rates and charges for certain loans.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. [Section 536.13, subsection 7](#), paragraph a, Code 2019, is amended to read as follows:

a. The superintendent may establish the maximum rate of interest or charges as permitted under [this chapter](#) for those loans with an unpaid principal balance of ~~ten~~ thirty thousand dollars or less. For those loans with an unpaid principal balance of over ~~ten~~ thirty thousand dollars, the maximum rate of interest or charges which a licensee may charge shall be the greater of the rate permitted by [chapter 535](#) or the rate authorized for supervised financial organizations by [chapter 537](#).

Sec. 2. [Section 537.2501, subsection 1](#), Code 2019, is amended by adding the following new paragraph:

NEW PARAGRAPH. l. For an interest-bearing consumer credit transaction, a service charge in an amount not to exceed the lesser of ten percent of the amount financed or thirty dollars.

Sec. 3. [Section 537.2510, subsection 3](#), paragraph a, Code 2019, is amended to read as follows:

a. If the prepayment is in full, the creditor may collect or retain a minimum charge not exceeding five dollars in a transaction which had an amount financed of seventy-five dollars or less, or not exceeding seven dollars and fifty cents in a transaction which had an amount financed of more than seventy-five dollars, if the minimum charge was contracted for, and the finance charge earned at the time of prepayment is less than the minimum charge contracted for. If, however, a creditor has collected a service charge in association with an interest-bearing consumer credit transaction pursuant to [section 537.2501, subsection 1](#), paragraph "l", the creditor shall not collect or retain a minimum charge upon prepayment pursuant to [this subsection](#).

Sec. 4. [Section 537.2510](#), Code 2019, is amended by adding the following new subsection:

NEW SUBSECTION. 9. [This section](#) does not apply to a service charge collected pursuant to [section 537.2501, subsection 1](#), paragraph "l".

Approved April 15, 2019